

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman;
Nanci E. Langley; and
Robert G. Taub

Board Camp Post Office
Board Camp, Arkansas

Docket No. A2011-68

ORDER AFFIRMING DETERMINATION

(Issued December 27, 2011)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012.”¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2011 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* Lastly, the Postal

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011 (Notice).

Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On September 8, 2011, the Residents and Customers of Board Camp, Arkansas Post Office (Petitioners) filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Board Camp, Arkansas post office (Board Camp post office).² The Final Determination to close the Board Camp post office is affirmed.

II. PROCEDURAL HISTORY

On September 13, 2011, the Commission established Docket No. A2011-68 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.³

On September 22, 2011, the Postal Service filed the Administrative Record with the Commission.⁴ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁵

² Petition for Review received from Residents and Customers of Board Camp, Arkansas Post Office regarding the Board Camp, Arkansas Post Office 71932, September 8, 2011. The petition for review was signed by 53 residents of Board Camp and Mena, Arkansas (Petition).

³ Order No 852, Notice and Order Accepting Appeal and Establishing Procedural Schedule, September 13, 2011.

⁴ The Administrative Record is attached to the United States Postal Service Notice of Filing, September 22, 2011 (Administrative Record). The Administrative Record includes, as Item No.41, the Final Determination to Close the Board Camp, AR Post Office and Continue to Provide Service by Highway Contract Route Service (Final Determination).

⁵ United States Postal Service Comments Regarding Appeal, November 2, 2011 (Postal Service Comments).

Petitioners filed a participant statement supporting their Petition.⁶ The Public Representative has not filed comments in this matter.

III. BACKGROUND

The Board Camp post office provides retail postal services and service to 45 post office box customers. Final Determination at 2. No delivery customers are served through this office. *Id.* The Board Camp post office, an EAS-55 level facility, has retail access hours of 8:00 a.m. to 2:00 p.m., Monday through Friday, and 8:00 a.m. to 2:00 p.m. on Saturday. *Id.* Lobby access hours are the same as retail access hours. *Id.*

The postmaster position became vacant on July 26, 2009, when the Board Camp postmaster was reassigned. *Id.* An officer-in-charge (OIC) was installed to operate the office. *Id.* at 2. Retail transactions average 25 transactions daily (25 minutes of retail workload). *Id.* Office receipts for the last 3 years were \$17,802 in FY 2008; \$16,413 in FY 2009; and \$17,491 in FY 2010. *Id.* There are no permit or postage meter customers. *Id.* By closing this post office, the Postal Service anticipates savings of \$50,814 annually. *Id.* at 4.

After the closure, retail services will be provided by the Mena post office.⁷ Delivery service will be provided by highway contract route service administered through the Mena post office. *Id.* The Mena post office is an EAS-20 level office, with retail hours of 8:15 a.m. to 4:15 p.m., Monday through Friday, and 10:00 a.m. to 12:00 p.m. on Saturday. *Id.* Five-hundred-ninety (590) post office boxes are available. *Id.* The Postal Service will continue to use the Board Camp name and ZIP Code. *Id.* at 2 (Concern No.1).

⁶ Participant Statement received from Residents and Customers of the Board Camp, Arkansas Post Office, October 13, 2011 (Participant Statement)

⁷ *Id.* at 2. MapQuest estimates the driving distance between the Board Camp and Mena post offices to be approximately 8.8 miles (18 minutes driving time).

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure of the Board Camp post office. In the Petition for review, Petitioners suggest other means of economic savings, including limiting the hours of the Board Camp post office to 9 hours a week (opening the counter from 9:00 am to 12:00 pm on Monday, Wednesday and Friday). Petition at 2.

Petitioners also argue that the Postal Service failed to consider the costs of adding 42 more customers (former box holders) to the rural carrier's route. In addition, Petitioners note that 1 in 10 households in Board Camp rent a post office box and an increase of \$3.00 per month would cover the annual lease. Petitioners also note that the cost of fuel for all the customers driving to the Mena post office creates a substantial financial impact on the Board Camp community. *Id.* Petitioners contend the Postal Service did not consider the future population growth in Polk County before making its decision.

Petitioners argue in their Participant Statement that the decision to close the Board Camp post office is contrary to the Postal Service's requirement to deliver a "maximum level of service." Participant Statement at 1. Petitioners also state that internet purchases are not feasible since most residents of Board Camp do not have high speed or even reliable dial-up connection to the internet. *Id.* at 2. Petitioners also argue that receiving service from a rural carrier is not convenient since the carrier does not have a consistent time to visit each box on a rural carrier route. *Id.*

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Board Camp post office. Postal Service Comments at 1. The Postal Service believes the appeal raises three main issues: (1) the effect on postal services; (2) the impact on the Board Camp community; and (3) the economic savings expected to result from discontinuing the Board Camp post office. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Board Camp post office should be affirmed. *Id.* at 1.

The Postal Service explains that its decision to close the Board Camp post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- minimal impact on the community; and
- expected financial savings.

Id. at 4. The Postal Service contends that it will continue to provide regular and effective postal services to the Board Camp community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioners regarding the effect on postal services, effect on the Board Camp community, economic savings, and effect on postal employees. *Id.* at 3-4.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The record indicates the Postal Service took the following steps in reaching its Final Determination. On March 1, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Board Camp post office. Final Determination at 2. A total of 48 questionnaires were distributed and 29 were returned. On March 15, 2011, the Postal Service held a community meeting at the Board Camp Fire Department building to address customer concerns. Thirty-nine customers attended. *Id.*

The Postal Service posted the proposal to close the Board Camp post office with an invitation for comments at the Board Camp and Mena post offices from March 29, 2011 through May 30, 2011. Final Determination at 2. The Final Determination was posted at the same two post offices from August 4, 2011 through September 5, 2011. Administrative Record, Item No. 49.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

Effect on the community. Board Camp, Arkansas is an unincorporated community located in Polk County, Arkansas. Administrative Record, Item No. 16. The community is administered politically by Polk County. Police protection is provided by the Polk County Sheriff's Office. Fire protection is provided by Board Camp Volunteer Fire Department. The community is comprised of farmers, retirees and self-employed persons. *Id.* Residents may travel to nearby communities for other supplies and services. *See generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Board Camp community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Board Camp post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 2-4.

Petitioners raise the effect of the closing of the Board Camp post office on the community. Participant Statement at 1. The Postal Service contends that it considered this issue and explains that the community identity will be preserved by continuing the use of the Board Camp name and ZIP Code. Postal Service Comments at 7-8. In addition, the Postal Service contends that regular and effective postal services will continue to be provided to the Board Camp community. *Id.* at 5-7. Petitioners' concern about additional driving costs that will be incurred by the community could be addressed by customers choosing to have rural delivery rather than traveling to the Mena post office. *Id.*

The Postal Service has adequately taken the effect of the post office closing on the community into account as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Board Camp postmaster was reassigned on July 26, 2009 and that an OIC has operated the Board Camp post

office since then. Final Determination at 2. It asserts that after the Final Determination is implemented, the temporary OIC will either be reassigned or separated and that no other Postal Service employee will be adversely affected. *Id.* at 4.

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Board Camp post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Board Camp customers. Postal Service Comments at 5. It asserts that customers of the closed Board Camp post office may obtain retail services at the Mena post office located 7 miles away. Final Determination at 2, 6. Delivery service will be provided by highway contract route service through the Mena post office. *Id.* The Board Camp post office box customers may obtain Post Office Box service at the Mena post office, which has 590 boxes available. *Id.* at 2.

For customers choosing not to travel to the Mena post office, the Postal Service explains that retail services will be available from the carrier. *Id.* at 2-3 (Concern No. 3). The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox; thus, addressing Petitioners' concern that the rural carrier is not present at each rural box each day at a consistent time. *Id.* The Postal Service also notes that carrier service is often beneficial to many senior citizens and to those who may face special challenges because they do not have to travel to the post office for service. *Id.* at 3 (Concern No. 5).

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$50,814. Final Determination at 4. It derives this figure by summing the following costs: postmaster salary and benefits (\$49,314) plus annual lease costs (\$1,500).

Petitioners assert that the savings are inaccurate. Petition at 1-2. Specifically, Petitioners note that the amounts saved are based on the salary and benefits of a

postmaster rather than the OIC, who receives a lower salary and no benefits. *Id.* In addition, Petitioners note that the Postal Service did not include any costs for adding more customers (former box holders) to the rural carrier's route. *Id.* Petitioners also question the savings estimate on the lease since the Postal Service did not consider the cost of comparable leased facilities, complete a life-cycle cost benefit analysis of the Board Camp post office building, or consider future growth in Polk County. *Id.*

The Postal Service states that it was appropriate to use the postmaster salary in the calculation of economic savings because the career position would have ultimately been filled if the Board Camp post office had not been identified for discontinuance. Postal Service Comments at 10. The Postal Service also replies that there is no additional cost associated with alternative service since the mail delivery service for Board Camp customers is already administered by the Mena post office. *Id.* at 9. The Postal Service also states there is no plan to replace the leased Board Camp building with a new facility. *Id.*

In response to Petitioners' argument that the Postal Service's determination ignores a pattern of growth in the community, the Postal Service notes that there has not been a pattern of growth in revenue at the Board Camp post office. *Id.* The Postal Service's contention regarding the lack of revenue growth at the Board Camp post office is supported by the fact revenues have been flat or declined in the last 3 years. Furthermore, contrary to Petitioners' claim that the area is experiencing growth, the Facility Planning 2010 Dataset showed a decline in the household growth rate of .17 percent. Administrative Record, Item No. 16 (Response to Question No. 2).

The Commission has previously stated that the Postal Service should not compute savings based on compensation costs unless there is a reasonable assurance that closing will actually eliminate those costs. The Board Camp post office postmaster was reassigned in July, 2009. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. See Postal Service Comments at 10 ("[t]he career

[postmaster] position would have ultimately been filled if the Board Camp Post Office had not been identified as a candidate for discontinuance.”). Furthermore, notwithstanding that the Board Camp post office has been staffed by an OIC for over 2 years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

Similarly, the Postal Service has not included any cost for additional rural delivery services since mail delivery service for Board Camp customers is already being administered by the Mena post office. While adding at most 42 customers to the delivery route may not increase the mileage driven, it may increase the hours worked by the rural carrier. However, even if the minimal hours were added to the economic analysis, it appears that closing would still provide a net, if lower, financial benefit to the Postal Service.

Upon review of the record in this proceeding, the Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

VI. CONCLUSION

The Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service’s determination to close the Board Camp post office is affirmed.

It is ordered:

The Postal Service’s determination to close the Board Camp, Arkansas post office is affirmed.

By the Commission.

Shoshana M. Grove
Secretary

DISSENTING OPINION BY CHAIRMAN GOLDWAY

I dissent in this case.

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). It appears from the record that revenue from 45 post office boxes will be lost, and that the Postal Service will incur the cost of adding 42 of the former box holders to the rural carrier's route. Furthermore, the Postal Service includes as a savings the salary of a postmaster, whereas the office has been staffed by an OIC at a lower rate.

It is not the statutory responsibility of the Postal Regulatory Commission to correct the record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the record. Therefore, the decision to close should be remanded to the Postal Service to correct the record and present a more considered evaluation of potential savings.

Moreover, the Postal Service recently announced a moratorium on post office closings.

It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process but had not yet received a discontinuance notice by December 12, 2011 have the respite of a five month moratorium.

The citizens of Board Camp, Arkansas and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION OF COMMISSIONER LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since July 2009, not an EAS-55 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis.

In addition, the current lease does not terminate until February 29, 2016, and does not have a 30-day termination clause. The Postal Service should note that any savings from the lease will not be realized for at least four years. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

Furthermore, in FY 2010, the Board Camp post office realized a 6.6 percent increase in revenues over FY 2009. Although the Postal Service determines how it will allocate its resources across its network, I believe that a retail postal facility that may be profitable and that is increasing revenues is an important asset. This is especially true at a time when the Postal Service is facing significant financial shortfalls.

I find that the Postal Service's decision to discontinue operations at the Board Camp post office is unsupported by evidence on the record and thus, should be remanded.

Nanci E. Langley